

PRESS RELEASE

# Transportation and Climate Initiative Agreement to Deliver Northeast At Least \$1.4 Billion in Transit System Investment

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Executive Office of Energy and Environmental Affairs

Massachusetts Department of Transportation

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**BOSTON** — Massachusetts and 11 other states across the Northeast and the District of Columbia today announced the Transportation and Climate Initiative (TCI) [draft agreement](https://www.transportationandclimate.org/sites/default/files/FINAL%20TCI_draft-MOU_20191217.pdf) ([https://www.transportationandclimate.org/sites/default/files/FINAL%20TCI\\_draft-MOU\\_20191217.pdf](https://www.transportationandclimate.org/sites/default/files/FINAL%20TCI_draft-MOU_20191217.pdf)) would generate \$1.4 billion to \$7 billion per year regionally for transportation-related investments and about \$500 million per year in Massachusetts to enhance transit system infrastructure, reduce roadway congestion and deliver more resilient, efficient transportation programs. The bipartisan, regional program will increase investments in the Commonwealth's public transportation infrastructure and in climate resiliency programs to cut carbon emissions and help address the effects of climate change.

“Today is a significant step forward in creating a regional program that will deliver substantial resources for Massachusetts’ public transportation infrastructure, reduce carbon emissions and deliver 21<sup>st</sup> century solutions to our transportation system,” **said Governor Charlie Baker**. “Working together across the region is the best opportunity to meet Massachusetts’ transportation challenges and aggressive climate change goals, while ensuring continued economic growth.”

“As part of our administration’s commitment to combating climate change, we are proud to be leading this multi-state, bipartisan effort to reduce emissions and invest in the region’s and the Commonwealth’s future,” **said Lieutenant Governor Karyn Polito**. “The benefit estimates released today demonstrate the promise of a regional cap-and-invest program to help Massachusetts reach its emissions reduction requirements while creating healthier and more livable communities by offering cleaner, more affordable transportation options.”

Representing 72 million residents and 52 million registered vehicles, the TCI jurisdictions released [initial projections](https://www.transportationandclimate.org/main-menu/tcis-regional-policy-design-process-2019) of the potential benefits the program would provide region-wide, based on economic modeling that evaluated various options for a program that caps and reduces carbon dioxide pollution from combustion of gasoline and on-road diesel fuel. Under the modeling, which evaluated the results of carbon caps that would reduce carbon emissions by 20 to 25 percent by 2032, the proposed program could yield annual public health benefits across the Northeast of \$3 billion to \$10 billion, and [\\$250 million to \\$892 million](#) in avoided costs due to worsening storms and other climate impacts.

States will be able to independently decide how to invest proceeds in accordance with program goals. In the Commonwealth, the Baker-Polito Administration will invest the funding in ways that work best for communities, with the goal of enhancing the transportation system, reducing pollution and increasing economic development while promoting equity and providing benefits to lower-income and rural communities. Under the Baker-Polito Administration’s transportation funding plan, up to half of the revenue received by Massachusetts from the TCI would be directed to the Commonwealth Transportation Fund. Remaining funds would be invested in programs that reflect important local and community transportation priorities to be developed with public and stakeholder input.

Both the business and environmental communities came together to [support](https://www.environmentalleague.org/governor-baker-addresses-ma-senior-executives-on-benefits-of-transportation-climate-initiative/) the Baker-Polito Administration’s decision to join the Initiative. These groups include the Associated Industries of Massachusetts, Ceres, The Environmental League of Massachusetts, the Boston Green Ribbon Commission, The Massachusetts Competitive Partnership, The Massachusetts Business Roundtable, and The Massachusetts Taxpayers Foundation.

The program is modeled after the success of the Regional Greenhouse Gas Initiative, which has reduced emissions from the power sector and supported important energy efficiency programs in the Commonwealth. The draft MOU builds on the public feedback received, including five regional workshops led by the Executive Office of Energy and Environmental Affairs (EEA) and Massachusetts Department of

Transportation (MassDOT) to solicit public feedback on [draft framework](#)

([https://www.transportationandclimate.org/sites/default/files/TCI-Framework\\_10-01-2019.pdf](https://www.transportationandclimate.org/sites/default/files/TCI-Framework_10-01-2019.pdf)) released in October 2019.

“Since transportation is responsible for more than 40 percent of the global warming pollution in Massachusetts and the region, we will need to implement bold initiatives to mitigate the impacts of greenhouse gas emissions from the transportation sector,” **said Energy and Environmental Affairs Secretary Kathleen Theoharides**. “As co-chair of the TCI Leadership Team, I am proud to share this Draft MOU that reflects extensive public input and modeling results that underscore the benefits and importance of this program.”

“The draft Memorandum of Understanding puts us on a path to creating a regional framework to reduce Greenhouse Gas emissions from the transportation sector,” **said Transportation Secretary and CEO Stephanie Pollack**. “Massachusetts is intensely focused on developing a program that can be broadly acceptable to as many of our partner states as possible. There is strength in numbers, and we look forward to a public conversation between now and March about the specifics of a program that can be widely adopted.”

In addition to economic and health benefits, the TCI published a draft Memorandum of Understanding that provides additional details on the program design. A ‘cap-and-invest’ program is being developed to reduce the consumption of on-road diesel and finished motor gasoline. According to the proposal, distributors of gas and diesel fuel would have to purchase allowances through an auction for each ton of carbon emitted when the fuels they sell are burned. Through investments of these proceeds under TCI, the program enables the transition to cleaner fuels and transportation options which would reduce emissions and benefit public health, local communities, and the environment. Unlike a gas tax which is a fixed price on gasoline that does not guarantee emissions reductions, the TCI program sets a cap on pollution and allows the market to determine how best to achieve those emissions reductions.

The draft agreement released by the TCI, created to address greenhouse gas emissions in the transportation sector, includes initial projections of the potential economic and public health benefits the program would provide as well as additional information on the program design. Last year, the Commonwealth’s

**[Commission on the Future of Transportation’s](#)**

([/news/commission-on-the-future-of-transportation-releases-recommendations-aimed-to-move-more-people](#)) report called for immediate action to reduce emissions in the sector.

“We applaud the Governor for tackling our regional transportation emissions challenges with a cap and trade solution that will reduce carbon pollution and create much needed transportation revenues that will be reinvested in sustainable and resilient infrastructure, including our public transit system,” **said Massachusetts Competitive Partnership Chairman Robert Reynolds, President and CEO of Putnam Investments**.

“AIM supports TCI because it will not only reduce greenhouse gas emissions in the transportation sector, but will result in investments that will help our transportation system,” **said Robert Rio, Senior Vice President of Government Affairs, Associated Industries of Massachusetts**.

“With the disappointing international climate talks this week and the distressing lack of US federal leadership, it is all the more important that states make urgent progress on reducing climate-warming pollution,” **said Nancy Goodman, Vice President for Policy, Environmental League of Massachusetts.** “The proposed agreement released by the Northeast and MidAtlantic states today caps transportation pollution and starts reducing the impact from cars, trucks, and buses in our cities, towns, and neighborhoods. We applaud the states for their collaboration and urge them to adopt the most ambitious targets and timeline going forward.”

“At a time when the climate crisis is more urgent than ever, the Northeastern and mid-Atlantic states are rising to the challenge. If the states proceed with these policies, they’ll significantly reduce carbon pollution from the transportation sector, the largest source of carbon emissions in the region, improve public health and make transportation cleaner, more affordable and more reliable. Today’s memorandum of understanding offers us a path forward, putting a program in place that states can continue to review and build on,” **said Ken Kimmel, President, Union of Concerned Scientists.**

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